

**THE NASDAQ OPTIONS MARKET LLC
NOTICE OF ACCEPTANCE OF AWC**

Certified, Return Receipt Requested

**TO: UBS Securities LLC
Mr. D. Christopher Walker
Director & Regulatory Attorney
1285 Avenue of the Americas
New York, NY 10019**

**FROM: The NASDAQ Options Market LLC ("Nasdaq")
c/o Financial Industry Regulatory Authority ("FINRA")
Department of Market Regulation
9509 Key West Avenue
Rockville, MD 20850**

DATE: July 13, 2015

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20110301661-01

Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **July 10, 2015** by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. A copy of the AWC is enclosed herewith.

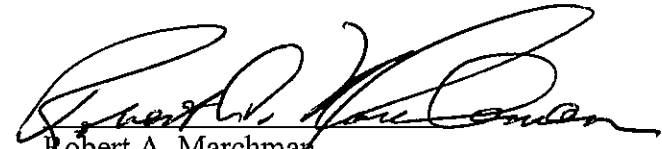
You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or Nasdaq if you are not a member of FINRA) in writing of any change of address or other changes required to be made to your Form BD.

You are reminded that Section I of the attached Letter of Acceptance, Waiver, and Consent includes an undertaking. In accordance with the terms of the AWC, a registered principal of the firm is required to notify the Compliance Assistant, Legal Section, Market Regulation Department, 9509 Key West Avenue, Rockville, MD 20850, of completion of the undertaking

You will be notified by the Registration and Disclosure Department regarding sanctions, and Nasdaq's Finance Department will send you an invoice regarding the payment of any fine.

UBS Securities LLC
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If you have any questions concerning this matter, please call Theresa Clarkson, Senior Counsel,
at (212) 858-4326.



Robert A. Marchman
Executive Vice President, Legal Section
Department of Market Regulation, FINRA

Signed on behalf of Nasdaq

Enclosure

FINRA District 9 – New Jersey
Michael Solomon, Senior Vice President and Regional Director
581 Main Street, 7th floor
Woodbridge, NJ 07095-1164

Stephanie Nicolas, Esq.
Counsel for Respondent
Wilmer Hale
1875 Pennsylvania Avenue, NW
Washington D.C. 20006

THE NASDAQ OPTIONS MARKET LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110301661-01

TO: The NASDAQ Options Market LLC
c/o Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: UBS Securities LLC, Respondent
Broker-Dealer
CRD No. 7654

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq")¹ Code of Procedure, UBS Securities LLC ("UBSS" or the "Firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, Nasdaq will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The Firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by Nasdaq:

BACKGROUND

The Firm became a member of FINRA on August 17, 1978, and its registration remains in effect. The Firm was approved for The NASDAQ Options Market LLC ("NOM") membership on March 12, 2008, and its registration remains in effect. During 2010 and 2011, UBSS was allocated to NOM in accordance with the Intermarket Surveillance Group 17d-2 Agreement.²

¹ All NASDAQ Options Market disciplinary matters are governed by The Nasdaq Code of Procedure.

² The Securities and Exchange Commission and options self-regulatory organizations ("SROs") are parties to a 17d-2 Agreement, which allocated among the SROs regulatory responsibilities relating to compliance by the common members with rules for expiring exercise declarations, position limits, the Options Clearing Corporation ("OCC") trade adjustments, and Large Options Positions Report ("LOPR") reviews.

RELEVANT DISCIPLINARY HISTORY

UBSS does not have any relevant disciplinary history.

SUMMARY

In connection with matter 20110301661, FINRA Department of Market Regulation staff (“staff”), on behalf of NOM, conducted a review of the Firm’s reporting to the Options Clearing Corporation (“OCC”) Large Options Positions Report (“LOPR”) for compliance with Chapter III, Section 10 of the NOM Rules during the third and fourth quarters of 2011.

As a result of staff’s investigation, staff found that during the period between May 21, 2011 and November 2014 (the “Review Period”), the Firm failed to correctly report a numerous positions to the OCC LOPR as required by pertinent rules. In addition, the Firm failed to have an adequate system of supervision to ensure compliance with certain aspects of LOPR reporting and had deficient written supervisory procedures.

FACTS AND VIOLATIVE CONDUCT

1. LOPR data is used extensively by SROs to identify holders of large options positions who may be, among other things, attempting to manipulate the market or otherwise violate securities rules and regulations.
2. The accuracy of LOPR data is essential in the surveillance for and analysis of potential violations related to, among other things, insider trading, position limits, exercise limits, front-running, capping and pegging, mini-manipulation, and marking-the-close.
3. During the Review Period, despite having previously been put on notice of the LOPR-related deficiencies described below, UBSS submitted inaccurate reports to the LOPR, in that the Firm entered incorrect data in the “Effective Date”³ field due to errors involving UBSS’s third party vendor’s processing of certain trades. After Staff conducted an analysis through sampling of UBSS’ options positions data connected to its OCC LOPR obligations, it was estimated that on 20 trade dates there were approximately 15,878 reportable positions in which the Firm had submitted a report with an inaccurate Effective Date.⁴

³ The “Effective Date” is the date the LOPR record is established, modified, or deleted. The Effective Date must be supplied for each LOPR submission.

⁴ The failure to report a position to the LOPR with the correct “Effective Date” gives the appearance that a position was established at an inaccurate date later in time and results in the position being unreported to the LOPR for, typically, one day.

4. During the period between May 21, 2011 and July 2, 2013, in approximately 1,709,865 instances⁵ (representing approximately 11% of its submissions during this time period), UBSS submitted reports to the OCC LOPR with truncated account names in the “Account Name” field, which resulted in its failure to provide the identity of the full legal account name of the holder of the options position in such instances; these particular account name errors impacted regulatory surveillance. UBSS, however, had included the necessary customer information in the other LOPR fields, which provided additional means to determine the identity of account holders.
5. The conduct described in paragraphs one through four constitutes a violation of Chapter III, Section 10 of the NOM Rules.

Supervision

6. During the period from May 2011 through the present, UBSS failed to maintain an adequate system of supervision, including systems of follow-up and review, which were reasonably designed to achieve compliance with NOM rules governing the reporting of options positions to the LOPR system. The Firm also lacked sufficient written supervisory procedures requiring reviews to determine that LOPR positions were accurate, including reporting accounts as acting in concert.
 7. The conduct described in paragraph six constitutes separate and distinct violations of Chapter III, Section 2(a)(i) of the NOM Rules NASDAQ Exchange Rules 3010, 2110 (for the period prior to November 21, 2012), and 2010A (for the period after November 20, 2012).
- B. The Firm also consents to the imposition of the following sanctions:
- (i) a censure,
 - (ii) a fine in the amount of **\$350,000**, and
 - (iii) an undertaking to revise its written supervisory procedures regarding reviews for (1) the accuracy of LOPR data fields, and (2) the designation of accounts as acting in concert. Within 60 business days of acceptance of this AWC by the Chief Regulatory Officer, a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the Firm has revised its written supervisory procedures to address the above-

⁵ An “instance” is a single failure to report, or inaccurately report, a given option position. The number of instances is determined by multiplying a given reportable position by the number of trade dates the position had not been reported or was reported incorrectly.

described deficiencies; and (3) the date the procedures were implemented.

The Firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The Firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The Firm specifically and voluntarily waives the following rights granted under Nasdaq's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the Firm;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the Nasdaq Review Council and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the Firm specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Regulatory Officer, the Nasdaq Review Council, or any member of the Nasdaq Review Council, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The Firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

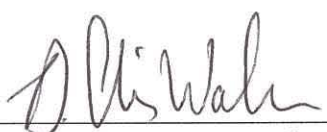
The Firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by FINRA's Department of Market Regulation and the Nasdaq Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Nasdaq Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the Firm; and
- C. If accepted:
 - 1. This AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by Nasdaq or any other regulator against the Firm;
 - 2. Nasdaq may release this AWC and make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; and
 - 3. The Firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The Firm may not take any position in any proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq is not a party.
- D. The Firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by Nasdaq, nor does it reflect the views of Nasdaq or its staff.

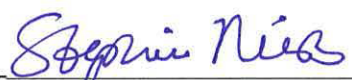
The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the Firm to submit it.

6/12/2015
Date

UBS Securities LLC
Respondent

By: 
Name: D. Christopher Walker
Title: Director + Regulatory Attorney

Reviewed by:


Stephanie Nicolas, Esq.
Counsel for Respondent
Wilmer Hale
1875 Pennsylvania Avenue, NW
Washington D.C. 20006
202-663-6825
Stephanie.Nicolas@wilmerhale.com

Accepted by Nasdaq:

7/10/15
Date


Robert E. Marchman
Executive Vice President
Department of Market Regulation

Signed on behalf of Nasdaq, by delegated
authority from the Director of ODA

ELECTION OF PAYMENT FORM

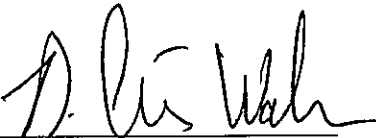
The Firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A Firm check or bank check for the full amount;
- Wire transfer;
- The installment payment plan.⁶
 - Monthly
 - Quarterly

Respectfully submitted,

Respondent
UBS Securities LLC

6/12/2015
Date

By: 
Name: D. Christopher Walker
Title: Director + Regulatory Attorney

⁶ The installment payment plan is only available for a fine of \$50,000 or more. Certain requirements apply.